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Nation's Poorest Cities Struggle Despite Benefits Of Strong Economy

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EDITORS AND REPORTERS: Ross Gittell is available to discuss his findings about urban poverty during the last business cycle. He can be reached at 603-862-3340 and ross.gittell@unh.edu. The full journal article is available at http://www.unh.edu/news/docs/gittell_urbanpoverty.pdf.

DURHAM, N.H. – New research from the University of New Hampshire shows that the nation's poorest cities experienced a substantial drop in poverty rates during the economic boom from 1992 to 2003, but not enough to lift them out of their relative positions as the most impoverished communities in America.

The research suggests that economic development efforts focused on growth can help reduce poverty, but that the underlying factors affecting urban poverty will have to be changed to fundamentally to address poverty in high poverty-rate metropolitan areas.

And now that the national economy is in a down-turn, metropolitan areas with high poverty rates -- such as Detroit and El Paso, Texas -- that did not improve relative to other metropolitan areas during the economic "good times" will be the same ones with the greatest difficulties during these national economic "bad times," according to Ross Gittell, James R. Carter Professor of Management at the UNH Whittemore School of Business and Economics.

The research is conducted by Gittell and Edinaldo Tebaldi, former assistant professor of economics at UNH now at Bryant University. It looks at whether the strong economy in the 1990s affected poverty rates in American cities. The findings are presented in the most recent issue of Economic Development Quarterly in the article "Did a Strong Economy in the 1990s Affect Poverty in U.S. Metro Areas? Exploring Changes in Poverty in Metropolitan Areas Over the Last U.S. Business Cycle, 1992-2003."

"Over the last business cycle in the United States, there was significant decline in poverty rates in metro areas across the nation. The decline in poverty was broad and was greatest in the metro areas with the highest poverty rates at the beginning of the business cycle," Gittell said.

"Yet the relatively strong economy that prevailed in the last business cycle did not move the metro areas with the highest poverty from their position. The underlying factors affecting metro area poverty will have to be changed to more fundamentally address poverty in high-poverty-rate metro areas. Reliance on changes in the macro economy will not be sufficient," he said.

The researchers found that several factors reduced poverty rates in urban areas: levels of education, technological specialization, and the concentration of employment in finance and government sectors. They also found that urban areas with a high percentage of Hispanics and foreign-born residents experienced

increases in poverty rates from 1992 to 2003. This phenomenon disappeared or substantially diminished, however, in urban areas with a high proportion of people with college education.

High educational levels were the most important factor in reducing urban poverty. "Metropolitan areas with a more highly educated population reduce poverty faster than do metropolitan areas with a less well-educated population," Gittell said.

In addition, urban areas with a high concentration of employment in financial services and government saw poverty rates drop more than other areas. According to Gittell, this may be caused by employment opportunities being available to a broad cross section of urban residents or enhanced availability of government and financial services.

Technology-intensive metro areas reduced poverty more than other metro areas, suggesting that the economic dynamics of technology centers may be favorable to populations in poverty.

"The benefits of technology-based economic growth might reach the poor, promoting an increase in personal income, which can reduce poverty rates. However, the drop in the poverty rate also could result from significant in-migration of higher income residents into tech poles," Gittell said.

Gittell has conducted extensive research about urban poverty, income inequity, social capital, and the economy broadly. He is the author of "Community Organizing: Building Social Capital as a Development Strategy" (Sage Publications, June 1998) and "Renewing Cities" (Princeton University Press, October 1992).

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